

## Message Text

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ACTION EUR-25

INFO OCT-01 ADP-00 CIAE-00 PM-09 INR-10 L-03 NEA-10

NSAE-00 PA-03 RSC-01 PRS-01 GAC-01 USIA-12 TRSE-00

MBFR-03 SAJ-01 EB-11 IO-12 OIC-04 OMB-01 SS-14 NSC-10

ACDA-19 DODE-00 RSR-01 /152 W  
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INFO AMEMBASSY HELSINKI

C O N F I D E N T I A L USNATO 1607

E. O. 11652: GDS, 12-31-79

TAGS: PFOR, ETRD, XH

SUBJECT: ECONADS MEETING, MARCH 29, 1973

HELSINKI FOR USDEL MPT

SUMMARY. AT MARCH 29 MEETING, ECONADS DISCUSSED RECENT DEVELOPMENTS IS DISCUSSION OF " BASKET" TWO IN HELSINKI. PAPER ON ECONOMIC POSITION OF NATO AND WARSAW PACT COUNTRIES THROUGH 1980 ( AC/127 - WP/345) WAS REVIEWED AND WILL PROBABLY BE SENT TO DRC AROUND APRIL 10. CHAIRMAN INQUIRED REGARDING ADDITIONAL US CONTRIBUTION TO APRIL 12 EXPERTS' MEETING ON SOVIET ECONOMY. END SUMMARY.

1. BELGIAN REP ( RECENTLY RETURNED FROM HELSINKI) GAVE RUNDOWN ON RECENT DISCUSSIONS OF " BASKET" TWO AND NOTED THAT REVISED VERSION OF NATO MANDATE HAD BEEN TABLED MARCH 28. SEVERAL MEMBERS OF COMMITTEE, INCLUDING CHAIRMAN, EXPRESSED SOME SURPRISE AT THIS DEVELOPMENT WHICH BELGIAN REP SAID HAD BEEN TAKEN PRIMARILY BECAUSE SOVIETS ( ZORIN) HAD REFUSED TO ALLOW WORKING GROUP TO MOVE TO CONSIDERATION OF " BASKET" THREE UNLESS ACTUAL DRAFTING ON " BASKET" TWO BEGAN. US REP POINTED OUT THAT AS FAR AS HE WAS AWARE MAJOR POINTS IN ALLIED MANDATE WERE PRESERVED IN REVISED PAPER AND THAT TWO  
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" PRINCIPLES" SOUGHT BY SOVIETS HAD NOT BEEN ADDED. THIS WAS CONFIRMED BY BELGIAN REP. AFTER ADDITIONAL DISCUSSION, IT

WAS AGREED THAT ECONADS WOULD MEET, HOPEFULLY WITH EXPERTS FROM HELSINKI IN ATTENDANCE, ON APRIL 10 TO REVIEW DEVELOPMENTS DURING MPT-3 AND CONSIDER WHAT ADDITIONAL STEPS WOULD BE NECESSARY TO REACH AGREEMENT WITH WARSAW PACT COUNTRIES ON MANDATE. REFLECTING KNOWN DUTCH POSITION, NETHERLANDS REP SUGGESTED THAT APRIL 10 MEETING SHOULD SIMPLY BE " STOCK TAKING" AND SHOULD NOT NECESSARILY INVOLVE FURTHER REDRAFTING OF MANDATE.

2. ALTHOUGH UK, FRG AND NETHERLANDS REPS CRITICIZED VARIOUS ASPECTS OF PAPER ON NATO/ WARSAW PACT ECONOMIES THROUGH 1980 ( WP/345), THERE WAS GENERAL RECOGNITION IN COMMITTEE THAT PAPER HAD TO GO FORWARD TO DEFENSE REVIEW COMMITTEE ( DRC) IMMEDIATELY SINCE ORIGINAL DEADLINE HAD BEEN JANUARY 1. FRG REP SUGGESTED PAPER SHOULD BE SHORTENED AND MADE LESS " PERFECTIONIST" SINCE IT COULD ONLY PROVIDE ROUGH ESTIMATE OF LIKELY DEVELOPMENTS THROUGH 1980. HE ALSO POINTED OUT VARIOUS WEAKNESSES IN DATA BASE AND NOTED THAT RECENT MONETARY UPHEAVALS CALLED ANY LONG- TERM PROJECTION MADE AT THIS TIME INTO QUESTION. UK REP SUPPORTED FRG POSITION AND ALSO SAID LONDON AGREED ENTIRELY WITH US COMMENTS CIRCULATED MARCH 7. HE EXPRESSED LONDON' S DOUBTS AS TO WHETHER NATO WAS APPROPRIATE PLACE TO DO WORK ON WESTERN ECONOMIES BUT ADDED THAT HE WOULD NOT PRESS THIS POINT AT THIS TIME. NETHERLANDS REP POINTED OUT THAT CHANGES PROPOSED BY US HAD OVERALL EFFECT OF SOFTENING PAPER' S IMPACT BY DOWNPLAYING INCREASE IN SOVIET DEFENSE EXPENDITURES. REFERRING TO RECENT UK DEFENSE WHITE PAPER WHICH STRESSED INCREASING SOVIET DEFENSE EXPENDITURES, NETHERLANDS REP ASKED HOW UK COULD ASSOCIATE ITSELF WITH US COMMENTS SINCE LATTER DOWNPLAYED INCREASE IN SOVIET DEFENSE EXPENDITURES. CHAIRMAN POINTED OUT THAT PAPER STRESSED RELATIONSHIP BETWEEN GNP GROWTH AND GROWTH IN DEFENSE SPENDING. ON THIS BASIS, HE SAID, US ARGUMENT THAT SOVIET DEFENSE SPENDING INCREASING AT LOWER RATE THAN GNP WAS NOT INCONSISTENT WITH CONCERN OVER ABSOLUTE INCREASE IN SOVIET DEFENSE EXPENDITURES. UK AND FRG WILL NOW CIRCULATE SPECIFIC DRAFTING CHANGES PROPOSED IN PAPER. IF THESE ACCEPTABLE TO ALL DELEGATIONS, PAPER WILL BE SENT TO DRC DURING WEEK OF APRIL 10.

3. CHAIRMAN ASKED WHETHER US PLANNED SUBMIT MORE DETAILED  
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ANALYSIS OF SOVIET ECONOMIC DEVELOPMENTS IN CONNECTION WITH APRIL 12 EXPERTS' MEETING. US REP SAID HE WOULD CHECK WITH WASHINGTON ON THIS. PLEASE ADVISE.

4. IN ADDITION TO EXPERTS' DISCUSSION OF EAST GERMAN ECONOMIC DEVELOPMENTS, APRIL 5 ECONADS AGENDA WILL ALSO INCLUDE FOLLOWING PAPERS:

1) CREDITS TO WARSAW PACT COUNTRIES

- A) AC/127 - WP 350
- B) AC/127 - WP 344
- C) ED/ EC/73/46 ( JUST ISSUED)

2) EAST- WEST TRADE

A) WP 347 ( DATED JANUARY 16, 1973) ON 1971 NATO COUNTRIES'  
TRADE WITH COMMUNIST COUNTRIES

B) ED/ EC/73/8 ( DATED JANUARY 15, 1973)

3) OIL IMPORTS

A) AC/127 - WP 346 ( DATED JANUARY 25, 1973) ON NATO  
COUNTRIES' 1971 OIL IMPORTS FROM COMMUNIST COUNTRIES.  
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